



## DEPARTMENT OF THE NAVY

NAVY RECRUITING DISTRICT RICHMOND  
411 EAST FRANKLIN STREET  
SUITE 101  
RICHMOND, VA 23219-2243

NRDRICHINST 4200.1D  
Code 00  
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### NAVCRUITDIST RICHMOND INSTRUCTION 4200.1D

From: Commanding Officer, Navy Recruiting District Richmond

Subj: INTERNAL OPERATING PROCEDURES FOR THE GOVERNMENT-WIDE  
COMMERCIAL PURCHASE CARD (GCPC) AND ACCOMMODATION CHECKS

Ref: (a) NAVSUPINST 4200.99  
(b) Federal Acquisition Regulations  
(c) Defense Federal Acquisition Regulations  
(d) GSA Contract Guide  
(e) Title 18, United States Code  
(f) Title 12, Code of Regulations  
(g) Section 27, Office of Federal Procurement Policy Act  
(h) Financial Management Regulation, Volume 5, Ch.33  
(i) Financial Management Regulation, Volume 13

Encl: (1) Government-Wide Purchase Card  
(2) Government-Wide Accommodation Checks Program

1. Purpose. To issue internal operating procedures for the use of the Government-Wide Commercial Purchase Card Program (GCPC) Program, and the Government-wide Accommodation Checks Program, within Navy Recruiting District Richmond.

2. Cancellation. NRDRICHINST 4200.1C.

3. Background. References (a) through (i) provide guidance for the use and internal procedural requirements required for Government-wide Purchase Cards and Accommodation Checks.

4. Punitive Effect. This is a lawful general order. Violation may subject individuals to appropriate administrative and/or disciplinary action.

5. Action. All NRD Richmond personnel involved in the management of subject programs will familiarize themselves with enclosures (1) and (2).

  
B. E. BERGLOFF  
By direction

## GOVERNMENT-WIDE PURCHASE CARD

1. Operating Procedures. The need for the Purchase Card program began with Executive Order 12352, "Procurement Reform", issued in 1982. After several interim programs, the Department of the Navy (DON) issued a tailored Task Order, DON-9700-003, to Citibank on 06 July 1998 to provide worldwide purchase card services to the DON. The purchase card program was developed to provide a fast and convenient method to procure and/or pay for all requirements under the micro purchase threshold of \$3,000 for supplies and services. These internal operating procedures provide guidance on the appropriate use of the purchase card by NRD Richmond personnel. All purchases must be accomplished in accordance with references (a) through (i) and this internal operating procedure. NRD Richmond purchase cardholders shall only use the purchase card for authorized purchases in accordance with these internal operating procedures.

### 2. Definitions.

a. Agency Program Coordinator (APC). The APC is designated by the Commanding Officer to have overall responsibility for the management, administration, and day-to-day operation of the purchase card program at the activity. The APC serves as the liaison between NRD Richmond, Citibank, and the GSA Contracting Officer. Changes to purchase card dollar limitations and/or authorized merchant category codes must be submitted to Citibank by the APC. The APC is responsible for the following program elements:

(1) Establish and ensure execution of the local program in accordance with DOD and DON policies and procedures.

(2) Ensure program personnel, APCs, AOs, and purchase cardholders are properly appointed, trained, and are capable of performing their respective duties. An individual file for each AO and cardholder shall be established, and be retained for the duration the employee serves in this capacity and for three years beyond. In addition, ensure that only personnel who require purchase cards for mission requirements are issued purchase cards.

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c. Billing Cycle. The billing cycle is the 30-day billing period during which cardholders may use their purchase card. For DON, the billing cycle ends on the 21st of the month.

d. Billing Cycle Purchase Limit. The spending limit assigned each cardholder's cumulative purchases and transactions within a given billing cycle. The APC establishes individual billing cycle limits for each cardholder based on the purchasing needs of the activity.

e. Bulk Funding. An advance reservation of funds where a commitment or obligation is recorded in the aggregate rather than by individual transactions.

f. Cardholder. The cardholder is the individual to whom a purchase card is issued. The purchase card bears the name and account number of this individual and shall only be used to pay for authorized government purchases. The cardholder is responsible for the following program elements:

(1) Ensure proper and adequate funding is available prior to any purchase card action. NAVSUP and COMNAVCRUITCOM Comptroller Department (N8) will promulgate end of fiscal year processing requirements and cut-off dates.

(2) Screen all requirements for their availability from the mandatory Government sources of supply.

(3) Purchase only mission essential requirements at fair and reasonable prices from responsible suppliers.

(4) Maintain either a manual or automated log that documents individual transactions and screening for mandatory sources of supply. The purchase card log and supporting documentation should provide an audit trail supporting the decision to use the card and any required special approvals that were obtained.

(a) Date the item or services were ordered

(b) The merchant name

(c) The dollar amount of the transaction

(d) A description of the item or service ordered

(e) Date of receipt

(f) Name of individual receiving item or service

(g) Paid but not received (pay and confirm)

(h) Credit received

(i) Disputed

(5) Review the monthly purchase card statement to ensure that all charges are proper and accurate.

(6) Forward the monthly purchase card statement to the AO with the appropriate supporting documentation, (i.e., sales slips, documentation of receipt and acceptance, purchase log, etc.)

(7) Follow the appropriate procedures for pay and confirm, and/or disputes, as described in the Purchase Card Desk Guide.

g. Commonly Used HAZMAT. For the purpose of this instruction, commonly used HAZMAT means hazardous materials or products that are customarily sold to the general public to be used for non-governmental purposes (commercial products) which are in the same size and packaging found commercially. Examples of those materials or products include those required on a routine basis to meet daily operational needs such as batteries, toner cartridges, detergents, etc.

h. Contracting Officer. Government employees who have the authority to bind the Government to the extent of their delegated purchasing authority. Cardholders are provided that authority by their Commanding Officer or APC in writing by the issuance of a Letter of Delegation or Contracting Officer's Warrant (SF 1402).

i. Credit Limit. The maximum dollar threshold that limits the amount an account can have outstanding at any one time.

j. Disputes. Instances where the transactions on the cardholders' statements do not agree with supporting documentation or retained receipts. This may include circumstances where the cardholder did not make the transaction, the amount of the transaction is incorrect, or the quality of the service/product is substandard.

k. Heads of Contracting Activities (HCA). The official at one of the 23 DON components listed at DEARS 202.101 and NAPS 5202.101 (e.g. COMNAVSUPSYSCOM, COMNAVAIRSYSCOM, etc.) who has overall responsibility for managing contracting authority within their contracting chain of command. They are responsible for the delegation, re-delegation, and use of contracting authority including use of the purchase card by DON commands, DON activities, and DON personnel under their contracting cognizance.

3. Heads of Activities (HA). For the purposes of this instruction, HA is the military officer in command or the civilian executive in charge of the mission of a DON command or activity that has been granted contracting authority by the cognizant HCA and has overall responsibility for managing the delegation and use of this authority by personnel under their command. Heads of Activities are responsible for the following program elements:

(1) Establish effective internal management controls to ensure appropriate management, operation, and oversight of the local Purchase Card program.

(2) Ensure appropriate resources are allocated to the program.

(3) Ensure the local program is being executed in accordance with the DOD and DON guidance.

(4) Ensure program personnel, APCs, AOs, and purchase cardholders are properly appointed and trained.

(5) Ensure that the number of AOs and purchase card accounts appointed within the Command is the minimum number to meet mission requirements.

(6) Establish local policies and procedures identifying informal and formal disciplinary action to be taken against APCs, AOs, and purchase cardholders for non-compliance, fraud, misuse, and/or abuse. The range of disciplinary actions should be based on the severity and frequency of the infraction. Disciplinary action could range from informal actions, such as written or verbal counseling detailing the concern and directing corrective action and greater oversight, to account suspension or cancellation, to official letters of reprimand, to demotion, removal or potential criminal prosecution.

(7) Establish and maintain a command climate to prevent requiring or requesting personnel from exercising undue influence over the action of a purchase cardholder.

m. Purchase Card. The purchase card is the government credit card established with Citibank that enables properly authorized government personnel to buy and pay for mission requirements.

n. Purchase Card Retains. Documents maintained on file to support purchase card transactions completed each billing cycle. Retained documents may include receipts, internal request documents, and statements of account provided by Citibank, documentation showing the screening for mandatory government sources of supply, quotes, and sole source justifications. The purchase card documentation should provide an audit trail supporting the decision to use the card and any required special approvals that were obtained. These financial documents shall be retained for a period of six years and three months.

o. Merchant Category Code (MCC). A four-digit code assigned to a participating purchase card vendor based on their industry classification. APCs can limit cardholder transactions by merchant type by blocking out certain categories of vendors for use by cardholders.

p. Monthly Cardholder Statement. The statement of charges forwarded to the cardholder at the end of the billing cycle detailing all charges during that period.

q. Monthly Billing Statement. The monthly billing statement is the official invoice for payment purposes which is provided to the AO. The billing statement identifies all of the purchase card transactions of the cardholders during a billing cycle.

r. Services. For the purpose of this instruction, services are firm fixed priced (including unpriced orders with an established ceiling); non-personal, commercially available requirements in which we directly engage the time and effort of the contractor to perform a task (e.g. repairs, annual maintenance agreements, etc.).

s. Single Purchase Limit. The dollar threshold assigned to each cardholder for a single purchase/payment action.

t. Reconciliation. The process by which the cardholder and AO review their monthly billing statements, reconcile them against available vendor receipts and other supporting documentation, and authorize payment for all valid purchases.

(1) Cardholder Reconciliation. The CH is responsible for the approval of the statement at the close of the monthly cycle. The CH should periodically review the transactions within the bank system prior to the end of the cycle. The CH should match each statement transaction against the CH purchase card log and transaction documentation to ensure all transactions are valid. The review should also include reallocation to an alternate line of accounting (if applicable) and approval or dispute (as appropriate) of each transaction that is posted to the statement. All documentation should be forwarded to the AO once the reconciliation process is complete.

(2) AO Reconciliation. The AO will review each transaction made by CHs to ensure all supporting documentation is obtained and correct, CH reviews have been completed properly, ensure receipt of property has been properly documented, and verify all transactions were necessary and valid Government purchases. Within five business day of receipt, the AO should certify the billing account invoice for payment.

u. Transaction Type. The transaction type is the method by which an order is placed when using the purchase card. Purchase card buys may be made over-the-counter, over-the-phone, or via the internet.

v. Designated Billing Office. Defense Finance Accounting Service, Pensacola, FL.

w. Comptroller. Comptroller is the financial official responsible for managing command funding. The Comptroller and APC should work together to ensure the funds approval process is streamlined to the maximum extent practicable to ensure the timely payment of credit card bills.

### 3. Establishing Local Accounts.

a. Training Requirements. Prior to designation as a program participant via a letter of delegation, or SF 1402, all prospective APCs, AOs, and cardholders shall successfully complete mandatory training in DOD and DON policies and procedures, as well as local internal operating procedures. The initial training requirements mandate that potential program participants take the appropriate role based DON CCPMD Computer Based Training (CBT) and the Defense Acquisition University (DAU) Computer Learning Center (CLC) DOD Government Purchase Card Tutorial. In addition, all cardholders appointed via a SF 1402 shall also take the DAU CON 237 Simplified Acquisition course.

(1) Refresher training on current DON policies and procedures and local internal operating procedures is required at least every two years. All cardholders, AOs, and APCs shall take the appropriate role based DON CCPMD training.

(2) The annual ethics training requirements for all Government employees is found in the Joint Ethics Regulations, DOD 5500 7-R, as well as 5 CFR 2638.705. All ethics questions, including those pertaining to training, should be directed to COMNAVCRUITCOM (00J).

b. Cardholder Account Limits. Use of the purchase card at COMNAVCRUITCOM is subject to a single purchase limit \$3,000 or less and a specified monthly purchasing limit as determined by the APC. The purpose of these dollar limits is as follows:

(1) Single Purchase Limit. The single purchase limit is a limitation on the purchase authority delegated to the purchase cardholder by the APC. This dollar limit cannot be exceeded unless a revised delegation of authority is issued to the cardholder in writing raising his/her limit.

(2) Billing Cycle Purchase Limit. The billing cycle limit is the spending limit assigned by the APC to the purchase cardholder's cumulative purchases in a billing cycle. Enclosure (1)  
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(3) Billing Cycle Office Limit. The monthly office limit is a budgetary limit established by the APC for the Approving Official. The limit established by the APC shall not exceed the sum of the Approving Official's cardholders' monthly purchase limits and should reflect spending history as well as budgetary trends. Monthly office limits may be assigned in \$100 increments up to \$999,900.



#### 4. Internal Processes.

a. Purchase Request Process. COMNAVCRUITCOM cardholders shall ensure that an approved Interdepartmental Request Document (IRD) is received prior to completing the purchase of any supplies/services. The IRD will indicate the Department Head's approval and the Comptroller's verification that sufficient funds to meet the requirement of the purchase card action are available.

b. Screening. COMNAVCRUITCOM purchase cardholders are required to screen all requirements from the statutory sources of supply. In addition, the screening must be documented on the IRD. Reference (c) requires that the following sources of supply be screened prior to placing an order with a commercial vendor:

(1) Committee for Purchase from People who are Blind or Severely Disabled (NIB/NISH) under the Javits-Wagner, O'Day (JWOD) Program. Website: <http://www.jwod.gov>.

(2) Federal Prison Industries (UNICORE). Website: <http://www.unicor.gov>.

(3) DOD email. Website: <https://emall6.prod.dodonline.net/main>

#### c. Solicitation and Award Procedures.

(1) Solicitation Procedures. Quotations of price and delivery orders for mission requirements shall be obtained from contractors and documented on the IRD. COMNAVCRUITCOM purchase card holders are authorized to make the following type of purchases:

(a) Over-the-Counter. When the cardholder goes to the merchant's place of business to make the purchase and the supplies are immediately available.

(b) Online Services. Orders may be placed with GSA, NIB/NISH and UNICORE through the website addresses. NIB/NISH and UNICORE website addresses are listed in paragraph 4.b (1) and (2). The GSA website address is <http://www.fss.gsa.gov>.

(c) Over-the-Phone. Where orders are placed by phone and the merchant delivers the supplies to the activity or government pick-up is authorized. The cardholder must confirm as part of the award process that the merchant agrees:

1. Not to charge the purchase card account until all items are shipped.

2. That backordering or partial shipments be avoided.

3. To deliver, or have available for pick-up, all item(s) no later than 30 days from the date of the order.

4. To include the following information on the shipping document or packing list:

a. Merchant's name and address.

b. Annotation to forward the document to the cardholder by name and code (no document number should appear on the shipping document).

c. Date of order.

d. Date of delivery or shipment.

e. Itemized list of supplies furnished, including quantity.

(2) Award Procedures. COMNAVCRUITCOM purchase cardholders shall only award purchase card orders to responsible contractors who offer fair and reasonable prices. Purchase card buys will be rotated among responsible vendors.

d. Pay and Confirm Procedures. COMNAVCRUITCOM purchase cardholders are responsible for verifying receipt of all transactions. Where the purchase cardholder is billed but does not receive the supplies or services at the time of the receipt of the official invoice, the cardholder must fully certify the invoice with the anticipation that confirmation of receipt will occur within the next billing cycle. If the supplies or services are not received within the next billing cycle, the cardholder must dispute the item using established dispute procedures. The cardholder must also certify that the quantity and quality of the items furnished are in accordance with the vendor agreement. Cardholders must save all receipt documentation in order to properly reconcile the purchase card statement at the end of the billing cycle.

If receipt documentation is not available, the cardholder must contact the end user, central receiving department, or other person(s) responsible for receipt to obtain verification that the supplies and/or services have been received. The purchase card file must be documented to indicate that proper receipt and acceptance have been accomplished.

e. Property Management. When purchase card requisitions are submitted for review, the APC will look for those items that may require special attention. COMNAVCRUITCOM maintains a database that lists pilferable government material in the custody of work centers on site. When new items are procured and old items are surveyed, this database is updated by the Property Manager. Once the APC reviews the purchase, they will keep a copy of the requisition until the receiving work center provides the serial number of the item to the Property Manager, and the database is updated.

f. Missing Documentation. If for some reason the cardholder does not have documentation of the transaction to send to the AO, they must attach an explanation that includes a description of the item, the date purchased, the merchant's name, and why there is no supporting documentation.

g. Reconciling Purchase Card Accounts.

(1) Purchase Cardholders. COMNAVCRUITCOM purchase cardholders shall at the end of each billing cycle (the 21st of the month for DON cardholders) reconcile the transactions appearing on their monthly statement by verifying their accuracy against cardholder records. The cardholder shall review all information on the monthly statement, verifying any changes, credits, outstanding disputes or refunds within five days of receipt. If the cardholder fails to review the monthly statement, including annotating any discrepancies, disputing improper charges, or signing and forwarding it to the AO or designated alternate within the five day period, the AO or designated alternate shall presume that all charges are proper and certify the monthly invoice for payment. The cardholder is ultimately responsible for purchase card transactions being proper and for notifying the AO of any information that impacts on the propriety of certifying the monthly invoice for payment. If transactions or credits are not included on the current statement, the cardholder must retain the applicable documentation until the transactions or credit appears and can be reconciled. The cardholder must then sign the statement and forward the package to the AO or alternate.

If the cardholder is unable to review their statement in a timely manner, the AO or alternate or APC must review and certify the cardholder's monthly statement. The cardholder upon return must review the monthly statement and resolve any discrepancies with the AO or APC. Refer to COMNAVCRUITCOMINST 4200.1B 6 JUN 06.

(2) Approving Official. COMNAVCRUITCOM AOs, unless otherwise specified, shall be the Certifying Officer for their cardholders' monthly invoice. The AO is responsible for ensuring that all purchases made by the cardholders within their cognizance were appropriate and the charges accurate. In the event an unauthorized purchase is detected, the AO must notify the APC and other appropriate personnel within the command in accordance with the command Internal Operating Procedures (IOP). After review, the AO will sign the cardholder(s) monthly statements of account and maintain the documentation in accordance with agency procedures. The AO is responsible for reviewing and certifying the monthly purchase card invoice within five days of receipt from the cardholders and forwarding the certified invoice to the appropriate billing office. The AO is to presume that all transactions on the monthly statement are proper unless notified in writing by the purchase cardholder(s) within five days from the cardholder's receipt of the monthly statement. The presumption does not relieve the AO from reviewing for blatant improper purchase card transactions and taking the appropriate action prior to certifying the invoice for payment.

5. Restrictions. Chapter 5, Section 26 of reference (a) provides general rules related to prohibited/special attention items. Cardholders need to take special precautions with the following items:

Advance Payments  
Advertising  
Asbestos and Asbestos-Containing Materials  
Black Oxide Coated Brass Threaded Fasteners  
Building or Land, long-term Rental or Lease of Business Cards  
Cash Advances  
Christmas and other seasonal decorations  
Commercial Vehicles, Purchase of  
Commercial or GSA Vehicles, Rental/Lease of (without drivers)  
Federal Information Processing Resources/Y2K  
Fireworks Display  
Fuel, Oil, Services, Maintenance, Repairs  
Hazardous Material and Hazardous Waste Disposal  
Incentive Music and Equipment

Lodging and Meals  
Luggage  
Medical and Dental Care at Civilian Non-Federal Sources  
Membership Dues  
Navy Exchange Purchases  
Ozone Depleting Substances  
PayPal/Third Party Vendors  
Personal Services  
Pesticides  
Plaques, Ashtrays, Paperweights, and Other Mementos as Give-Away Items  
Printing and Duplication  
Purchase from Government Employees or Business Owned or Controlled by Government Employees  
Reprographic Equipment  
Refreshments/Food  
Safety/Specialty Clothing  
Sensitive Compartmented Information in Contracts  
Shipboard Habitability Equipment, Including Furniture, Laundry/Dry Cleaning and Food Service Equipment  
Transportation, Purchase of  
Travel or Travel Related Expenses  
Uniform Items  
Visual Information Equipment  
Shipboard Digital Photo Lab (DPL)  
Visual Information (VI) Equipment  
Visual Information-Audiovisual (VI-AV) Production Acquisition  
Water, Bottled  
Withdrawal of Tax-free Ethyl and Specially Denatured Alcohol

6. Unauthorized Uses of the Purchase Card

a. A cardholder who makes unauthorized purchases or who uses the card in an inappropriate manner may be liable to COMNAVCRUITCOM for the total amount of the unauthorized purchases made in connection with misuse or negligence.

b. Unauthorized use of the card may also include the use of the card by anyone other than the cardholder identified on the front of the purchase card.

c. Cardholders hold a public trust; their conduct must meet the highest ethical standards. Cardholders will only purchase supplies within the guidance of this program. Cardholders and AOs acknowledge that making false statements on purchase card records will result in disciplinary action.

d. The circumstances of each individual case will determine the appropriate type of disciplinary/adverse action, if any, that may be imposed.

7. Lost or Stolen Cards.

a. Telephone Notification. If a purchase card is lost or stolen, the COMNAVCRUITCOM cardholder must immediately notify Citibank Customer Service at (800)790-7206.

b. Written Notification. In addition, on the next working day the cardholder must notify the APC and the AO of the lost or stolen card. The notification shall include the following information:

(1) Card number

(2) Cardholder's complete name

(3) Date and location of the loss/theft,

(4) If stolen, date reported to police and the date and time Citibank was notified,

(5) Any purchases made on the card the day the card was stolen and any other pertinent information.

8. Separation of Cardholder. Upon separation from COMNAVCRUITCOM, the APC will immediately cancel the card in CITIDIRECT.

9. Card Security. COMNAVCRUITCOM purchase cardholders are responsible for the security of their purchase cards. The card is printed with the name of the employee who is the official government representative authorized to use the purchase card. Only that person shall use the card, and it is the cardholder's responsibility to safeguard the purchase card and purchase card account number at all times.

(3) Ensure AO and purchase cardholder profiles are appropriate for local mission. Perform regularly scheduled maintenance, no less than quarterly, on command AO and purchase card accounts to ensure that the account profile information is current and accurate, to examine frequency of use and to ensure the AO/card account span of control remains within the specified limits (no more than seven card accounts to one AO).

(4) Ensure that appropriate action is taken when local reviews reveal non-compliance, misuse, and/or abuse.

(5) Utilize reports available through the ad-hoc reporting tool within the bank system to proactively monitor the program.

b. Approving Official (AO). The AO is responsible for reviewing and verifying the monthly purchase card statements of the cardholders under his/her purview. The AO must verify that all purchases were necessary and for official government purposes in accordance with applicable directives. A cardholder cannot be his/her own AO. Unless otherwise specified, the AO must also be the Certifying Officer for his/her cardholder(s) and in that capacity must certify the monthly billing statement and forward it to the appropriate office for payment in a timely manner. The AO shall enforce the provisions of these internal operating procedures and initiate administrative and disciplinary procedures for misuse of the card. The AO is responsible for the following program elements:

(1) Ensure that all purchases accomplished by the purchase cardholders within their cognizance are appropriate and the charges accurate.

(2) Verify supporting transaction documentation on all card accounts prior to certifying the monthly invoice.

(3) Notify the Head of Activity and APC in the event of any suspected unauthorized purchase.

(4) Ensure proper receipt, acceptance, and inspection is accomplished on all items being certified for payment.

(5) Certify the monthly invoice in a timely manner, usually within five days.

## GOVERNMENT-WIDE ACCOMMODATION CHECKS PROGRAM

1. Purpose. To promulgate guidelines for administering the Government-wide Accommodation Checks Program at Navy Recruiting District Richmond.

2. Background. The Accommodation Checks Program is available for use when vendors cannot process the Government-wide Commercial Purchase Card and ensures the vendor immediately receives payment for goods and services.

3. Action. The Accommodation Check will be used to purchase supplies and services when it is determined to be the only means of paying a vendor, in accordance with Part 13 of the FAR, DFARS, NAPS, GSA Contract Guide, DON-business Operations Office web site, and local operating procedures. The Accommodation Check will only be used for authorized U. S. Government purchases only.

4. Definitions.

a. Accommodation Checks. An alternative to cash, third party drafts and U. S. Treasury checks to be used in instances where the use of the purchase card is impracticable.

b. Accommodation Check Cashier. The person authorized to sign and issue Accommodation Checks on behalf of the command/activity.

5. Policy.

a. Accommodation Check Use.

(1) Accommodation checks may only be used after the command/activity has made every attempt to use the purchase card.

(2) The maximum amount the Accommodation Check may be used for is \$3,000 (\$2,500 for advertising and \$10,000 overseas in support of contingencies declared by the Secretary of Defense).

(3) Convenience checks shall be issued in the exact amount of the payment and shall not be split to avoid the micro-purchase threshold.

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(4) Convenience checks shall not be issued as an "exchange for cash" vehicle to establish cash funds.

(5) Navy Recruiting District may appoint one Accommodation Check Cashier to sign and issue checks for the command. If the Check Cashier is also a Purchase Cardholder the two accounts must be maintained separately.

(6) Accommodation Check Cashiers shall have a safe or locking cabinet for storage of the checks.

(7) Accommodation Checks may be mailed, as long as internal controls are in place to avoid duplicate payments.

(8) Internal controls are established to include approval at least one level above all Convenience check usage.

(9) An officer or DOD civilian who is independent of the office maintaining the account must audit Accommodation Check accounts yearly on an unannounced basis.

(10) A convenience check cashier may hold a purchase card only when the policies and procedures found within the NAVSUPINST are observed.

(11) In order to maintain effective internal controls, an approving official may not perform the functions of the convenience check custodian or cashier.

(12) Convenience check cashiers are responsible for the safeguarding and security of their checks and account information. The convenience check cashier shall not allow anyone to use or gain access to their checks or their account information.

b. Financial Considerations for use with the Accommodation Checks.

(1) Navy Recruiting District is responsible for all costs associated with the Accommodation Check program, including any fees associated with the convenience check issued.

(2) Accommodation Check accounts shall be bulk funded.

c. Reporting Convenience Checks to the Internal Revenue Service (IRS) for Tax Purposes.

(1) There is a statutory requirement for DOD/DON to report payments made to contractors/merchants using convenience checks that are reportable to the IRS. Reportable payments include payments for services, rent, medical training, maintenance fees, instructors, teachers, speakers, etc. regardless of the dollar value. If the payment was for goods and services combined it must be reported.

(2) Data should be reported to Defense Finance and Accounting Services (DFAS) via 1099 Tax Reporting Program on the internet. (DFAS point of contact: [cco.checks@dfas.mil](mailto:cco.checks@dfas.mil))

d. Closing a Convenience Check Account.

(1) Convenience checks will not be posted to closed accounts. Checks presented after an account has been closed will be returned to the merchant with an Account Closed reason code.

(2) When closing an account with convenience checks, the APC should always:

(a) Collect and destroy any unused convenience checks.

(b) Ensure all checks have cleared before closing the account.

(3) Check Disposal Procedures

(a) Destruction. Prepare a Certificate of Destruction. The certificate shall be prepared in an original and one copy and shall include the complete mailing address of the Command; date and method of destruction; serial number of each check; typed name, title, grade or rank, and signature of the Check Writer. When blocks of checks are destroyed, the beginning and ending serial numbers of the block may be shown. Otherwise, each check shall be listed in numerical sequence.

(b) Verification. The check writer and at least one witness shall; examine the checks to verify they are the actual checks to be destroyed; verify the check numbers with information on the certificate of destruction; and,

sign the certificate of destruction only after witnessing the actual destruction of the checks.

(c) Disposition. Voided, compromised, or no longer required checks shall be stored in a safe segregated from all other checks until destroyed. The voided, compromised, or no longer required checks shall be destroyed locally by the check writer at least once each quarter by either burning or shredding. If destroyed by burning, the checks shall be completely burned. If destroyed by shredding, fragments shall be no larger than one inch in width and  $\frac{1}{4}$  inch in length. In either event, a certificate of destruction shall be prepared listing the serial numbers and method of destruction and shall be signed by the check writer and at least one witness.